

## Message Text

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70

ACTION AGR-20

INFO OCT-01 ARA-16 ISO-00 EB-11 COME-00 AF-10 AID-20

TRSE-00 CIAE-00 INR-10 NSAE-00 RSC-01 TAR-02 DRC-01

IO-13 L-03 /108 W

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P R 182140Z SEP 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 3636

INFO AMEMBASSY MONTEVIDEO

AMEMBASSY SANTIAGO

C O N F I D E N T I A L BUENOS AIRES 6884

PASS USDA/FAS FOR GRAIN & FEED DIV FROM AGATTACHE

E.O. 11652: SEP 18, 1974

TAGS: EAGR

SUBJ: WHEAT SHIPMENTS TO CHILE AND URUGUAY

REF: SANTIAGO 4261, SANTIAGO 4262

1. LIBERIAN FLAG VESSEL CARRYING U.S. WHEAT FOR DELIVERY TO ARGENTINA RECENTLY CALLED ON PORT OF VALPARISO (CHILE) PRESUMPTIVELY TO UNLOAD OTHER GOODS. WHEN SHIP ARRIVED, IT WAS DETAINED DURING LAST WEEK'S COUP. ARGENTINE NATIONAL GRAIN BOARD, THEREFORE, DECIDED TO UNLOAD THIS WHEAT IN CHILE SO AS TO FULFILL PART OF THIRTY THOUSAND (30,000) TONS REMAINING IN ARGENTINE/URUGUAYAN CONTRACT. BOARD EXPECTED TO REQUEST ANOTHER SHIP BE SENT DIRECTLY FROM U.S. TO CHILE TO COMPLETE CONTRACT.

2. ANOTHER SHIP FROM U.S. DESTINED FOR ARGENTINA RECENTLY UNLOADED U.S. WHEAT IN MONTEVIDEO, URUGUAY. SECOND SHIP FROM U.S. EXPECTED SOON TO COMPLETE ARGENTINE/URUGUAYAN CONTRACT.

3. BY SHIPPING DIRECTLY FROM U.S. TO THESE TWO DESTINATIONS  
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NATIONAL GRAIN BOARD ASSUMES THAT IT WILL REDUCE SHIPMENT

COST APPROXIMATELY \$60 PER METRIC TON. OTHERWISE BOARD WOULD PAY EXPORT TAXES OF ROUGHLY \$35 PER TON AND INCUR COST OF ADDITIONAL FREIGHT NECESSARY TO RESHIP U.S. WHEAT FROM ARGENTINA TO THESE DESTINATIONS.

COMMENT: GRAIN BOARD SHOULD STILL LOSE AT LEAST \$10 PER TON ON FREIGHT COSTS TO EACH OF THESE DESTINATIONS. THE DIFFERENCE IN COST OF SHIPPING FROM GULF TO VALPARAISO OF \$35 PER TON AND BUENOS AIRES TO VALPARAISO OF \$25 PER TON IS \$10 PER TON. THE DIFFERENCE IN FREIGHT COSTS FROM GULF TO MONTEVIDEO OF \$20.50 AND BUENOS AIRES TO MONTEVIDEO OF \$10 PER TON IS \$10.50 PER TON. WE ASSUME THAT GRAIN BOARD IS LIABLE FOR THESE ADDED COSTS, SO THE BOARD WILL ACTUALLY REDUCE ITS SHIPPING COSTS BY NO MORE THAN \$25 (EXPORT TAXES MINUS ADDITIONAL FREIGHT CHARGES). THIS AMOUNT ONLY PARTIALLY COVERS THE INCREASED COSTS OF IMPORTED WHEAT.  
LODGE

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